



**Idaho State Liquor Division
Purchasing and Distribution
P.O. Box 179001
Boise, Id. 83716**

August 5, 2009

Open Letter to All Idaho Sales Representatives, Brokers and Suppliers:

The Idaho State Liquor Division has automated our Distribution Center operations through our new, Warehouse Management System. The WMS automates all Receiving, Putaway, Replenishments and Order Picking functions. We scan orders inbound, we scan products as we put them away, we scan them as we refill a picking location and we pick orders using Pick-To-Voice wireless computers.

This change is causing us to modify several long-term (and in some cases cumbersome) business practices. It has also caused us to develop several new procedures that may have an effect on how you do business with the Idaho Liquor Division. It's become necessary to insist on the following:

1. Product Bar Codes: A valid Shipping Container Code (SCC scan code) and/or the valid Universal Product Code (UPC) printed bar code must be printed on each and every case that arrives at the ISLD DC. If we need to affix a bar code label, in order to receive, store or issue product, ISLD will produce the label and assess Extra Handling Charges.

2. Pallets Conform to Specifications: Pallet configurations must comply with the information provided by the Supplier on the Standard Price Quotation. In the very first automated delivery from a supplier, the case count of a product was different and was out of conformity with the data from the last Price Quote. It's critical that the number of layers on a pallet, and the number of cases per layer remain constant, unless updated by the Price Quote.

If we are unable to process a pallet that doesn't conform and if the problem isn't of ISLD's doing, we may assess Extra Handling Charges either to adjust the various data bases or if we have to physically modify the pallet to bring the pallet into conformance. The Extra Handling Charges may be "significant".

3. Delivery of Unlisted Products: If we receive any unlisted products, other than salesman samples for demonstration purposes it will be the supplier's responsibility to remove or relocate it from ISLD DC. We will initially store it in a temporary holding area for 10 working days. If the product remains here longer than 10 days it may be destroyed and Extra Handling Charges assessed.

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4. Receiving Appointments and Confirmations. Effective August 15 ISLD is going to require 72 hours advance notice for delivery appointments.

All deliveries must be pre-arranged and an ISLD assigned confirmation number will be assigned. No receiving will be permitted without a delivery appointment given by ISLD. To obtain an appointment contact the DC Operations Office, 208-947-9499.

5. Merchandise Damaged in Transit or Delivered Damaged: We frequently receive deliveries to ISLD that have damaged product, either damaged in transit or damaged in loading.

In the past we've received damaged merchandise in the same way we receive sound merchandise. After the fact we transferred the ownership from Supplier to ISLD ownership, wrote off the damaged merchandise, filed a claim back against the supplier and have taken several steps to clean up the undamaged merchandise to make it saleable.

Generally these efforts are necessary because of improper loading, damage in transit or poorly configured pallets or other delivery problems. Even though ISLD hasn't created the problem, and the damage isn't caused by ISLD, our DC crew and Store Personnel end up having to attend to the problem.

ISLD has been spending too much time and money to try and reconstruct a damaged product. If the commodity were anything but beverage alcohol we could simply refuse to accept delivery, we'd reduce the number of cases shipped to match the delivery in good condition and leave the damaged merchandise with the delivery person.

Since ISLD can't allow a driver to leave with un-received and unauthorized beverage alcohol, ISLD must accept temporary receipt. We don't, however, need to transfer it into ISLD ownership and do all the things necessary to recoup the undamaged merchandise.

Effective immediately, when damaged merchandise arrives, the entire case will be written off as SPOILAGE with a claim filed or we will simply not receive it into inventory and short the delivery. We will notify the Idaho Representative or Supplier and hold the damaged product for a period of 10 days to arrange for pick up of the intact bottles. If the damaged merchandise remains at ISLD over 10 days, we will destroy it without claim being filed or further documentation. We are unable to devote any ISLD staff resources to recover and recoup undamaged merchandise.

In conclusion these changes to how we do business may seem "draconian" or "heavy-handed", but are not meant to be viewed that way. To garner the efficiencies and increased effectiveness of the WMS ISLD simply needs the continued cooperation from all our suppliers.

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As with those in the private sector, those of us in government are continually being expected to do more with less and we have reached a point that to gain the peak efficiencies of the new WMS we need to make these adjustments in how we do business.

Please forward this on to all of your operations and support personnel. Please contact me if you have any questions. I can be reached at 208-947-9456.

Bill Applegate
Product Manager
ISLD